

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

□ 1815

## HOUR OF MEETING ON TOMORROW

Mr. ROYCE. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 9 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

## NAVAL VESSEL TRANSFER ACT OF 2013

Mr. ROYCE. Mr. Speaker, I move to suspend the rules and pass the bill (S. 1683) to provide for the transfer of naval vessels to certain foreign recipients, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

S. 1683

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.

In this Act, the term “appropriate congressional committees” means—

- (1) the Committee on Foreign Relations of the Senate; and
- (2) the Committee on Foreign Affairs of the House of Representatives.

### TITLE I—TRANSFER OF EXCESS UNITED STATES NAVAL VESSELS

#### SEC. 101. SHORT TITLE.

This title may be cited as the “Naval Vessel Transfer Act of 2013”.

#### SEC. 102. TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN RECIPIENTS.

(a) TRANSFERS BY GRANT TO MEXICO.—The President is authorized to transfer to the Government of Mexico the OLIVER HAZARD PERRY class guided missile frigates USS CURTS (FFG-38) and USS MCCLUSKY (FFG-41) on a grant basis under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j).

(b) TRANSFER BY SALE TO THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE IN THE UNITED STATES.—The President is authorized to transfer the OLIVER HAZARD PERRY class guided missile frigates USS TAYLOR (FFG-50), USS GARY (FFG-51), USS CARR (FFG-52), and USS ELROD (FFG-55) to the Taipei Economic and Cultural Representative Office in the United States (which is the Taiwan instrumentality designated pursuant to section 10(a) of the Taiwan Relations Act (22 U.S.C. 3309(a))) on a sale basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761).

(c) ALTERNATIVE TRANSFER AUTHORITY.—Notwithstanding the authority provided in subsections (a) and (b) and to transfer specific vessels to specific countries, the President is authorized to transfer any vessel named in this title to any country named in this section, subject to the same conditions that would apply for such country under this section, such that the total number of vessels transferred to such country does not exceed the total number of vessels authorized for transfer to such country by this section.

(d) GRANTS NOT COUNTED IN ANNUAL TOTAL OF TRANSFERRED EXCESS DEFENSE ARTICLES.—The value of a vessel transferred to another country on a grant basis pursuant to authority provided by subsection (a) shall not be counted against the aggregate value of excess defense articles transferred in any fiscal year under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j).

(e) COSTS OF TRANSFERS.—Any expense incurred by the United States in connection with a transfer authorized by this section shall be charged to the recipient notwithstanding section 516(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(e)).

(f) REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.—To the maximum extent practicable, the President shall require, as a condition of the transfer of a vessel under this section, that the recipient to which the vessel is transferred have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of that recipient, performed at a shipyard located in the United States.

(g) EXPIRATION OF AUTHORITY.—The authority to transfer a vessel under this section shall expire at the end of the 3-year period beginning on the date of the enactment of this Act.

### TITLE II—ADDITIONAL PROVISIONS

#### SEC. 201. ENHANCED CONGRESSIONAL OVERSIGHT OF ARMS SALES, INCLUDING TO THE MIDDLE EAST.

Section 36 of the Arms Export Control Act (22 U.S.C. 2776) is amended by adding at the end the following new subsection:

“(i) PRIOR NOTIFICATION OF SHIPMENT OF ARMS.—At least 30 days prior to a shipment of defense articles subject to the requirements of subsection (b) at the joint request of the Chairman and Ranking Member of the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives, the President shall provide notification of such pending shipment, in unclassified form, with a classified annex as necessary, to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.”.

#### SEC. 202. INCREASE IN ANNUAL LIMITATION ON TRANSFER OF EXCESS DEFENSE ARTICLES.

Section 516(g)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(g)(1)) is amended by striking “\$425,000,000” and inserting “\$500,000,000”.

#### SEC. 203. INTEGRATED AIR AND MISSILE DEFENSE PROGRAMS AT TRAINING LOCATIONS IN SOUTHWEST ASIA.

Section 544(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2347(c)) is amended by adding at the end the following new paragraph:

“(4) The President shall report to the appropriate congressional committees (as defined in section 656(e)) annually on the activities undertaken in the programs authorized under this subsection.”.

#### SEC. 204. LICENSING OF CERTAIN COMMERCE-CONTROLLED ITEMS.

Section 38 of the Arms Export Control Act (22 U.S.C. 2778) is amended by adding at the end the following new subsection:

“(k) LICENSING OF CERTAIN COMMERCE-CONTROLLED ITEMS.—

“(1) IN GENERAL.—A license or other approval from the Department of State granted in accordance with this section may also authorize the export of items subject to the Export Administration Regulations if such items are to be used in or with defense articles controlled on the United States Munitions List.

“(2) OTHER REQUIREMENTS.—The following requirements shall apply with respect to a li-

cense or other approval to authorize the export of items subject to the Export Administration Regulations under paragraph (1):

“(A) Separate approval from the Department of Commerce shall not be required for such items if such items are approved for export under a Department of State license or other approval.

“(B) Such items subject to the Export Administration Regulations that are exported pursuant to a Department of State license or other approval would remain under the jurisdiction of the Department of Commerce with respect to any subsequent transactions.

“(C) The inclusion of the term ‘subject to the EAR’ or any similar term on a Department of State license or approval shall not affect the jurisdiction with respect to such items.

“(3) DEFINITION.—In this subsection, the term ‘Export Administration Regulations’ means—

“(A) the Export Administration Regulations as maintained and amended under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); or

“(B) any successor regulations.”.

#### SEC. 205. AMENDMENTS RELATING TO REMOVAL OF MAJOR DEFENSE EQUIPMENT FROM UNITED STATES MUNITIONS LIST.

(a) REQUIREMENTS FOR REMOVAL OF MAJOR DEFENSE EQUIPMENT FROM UNITED STATES MUNITIONS LIST.—Section 38(f) of the Arms Export Control Act (22 U.S.C. 2778(f)) is amended by adding at the end the following:

“(5)(A) Except as provided in subparagraph (B), the President shall take such actions as may be necessary to require that, at the time of export or reexport of any major defense equipment listed on the 600 series of the Commerce Control List contained in Supplement No. 1 to part 774 of subtitle B of title 15, Code of Federal Regulations, the major defense equipment will not be subsequently modified so as to transform such major defense equipment into a defense article.

“(B) The President may authorize the transformation of any major defense equipment described in subparagraph (A) into a defense article if the President—

“(i) determines that such transformation is appropriate and in the national interests of the United States; and

“(ii) provides notice of such transformation to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate consistent with the notification requirements of section 36(b)(5)(A) of this Act.

“(C) In this paragraph, the term ‘defense article’ means an item designated by the President pursuant to subsection (a)(1).”.

(b) NOTIFICATION AND REPORTING REQUIREMENTS FOR MAJOR DEFENSE EQUIPMENT REMOVED FROM UNITED STATES MUNITIONS LIST.—Section 38(f) of the Arms Export Control Act (22 U.S.C. 2778(f)), as amended by this section, is further amended by adding at the end the following:

“(6) The President shall ensure that any major defense equipment that is listed on the 600 series of the Commerce Control List contained in Supplement No. 1 to part 774 of subtitle B of title 15, Code of Federal Regulations, shall continue to be subject to the notification and reporting requirements of the following provisions of law:

“(A) Section 516(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(f)).

“(B) Section 655 of the Foreign Assistance Act of 1961 (22 U.S.C. 2415).

“(C) Section 3(d)(3)(A) of this Act.

“(D) Section 25 of this Act.

“(E) Section 36(b), (c), and (d) of this Act.”.

**SEC. 206. AMENDMENT TO DEFINITION OF "SECURITY ASSISTANCE" UNDER THE FOREIGN ASSISTANCE ACT OF 1961.**

Section 502B(d) of the Foreign Assistance Act of 1961 (22 U.S.C. 2304(d)) is amended—

(1) in paragraph (1), by striking "and" at the end; and

(2) by amending paragraph (2)(C) to read as follows:

"(C) any license in effect with respect to the export to or for the armed forces, police, intelligence, or other internal security forces of a foreign country of—

"(i) defense articles or defense services under section 38 of the Armed Export Control Act (22 U.S.C. 2778); or

"(ii) items listed under the 600 series of the Commerce Control List contained in Supplement No. 1 to part 774 of subtitle B of title 15, Code of Federal Regulations;"

**SEC. 207. AMENDMENTS TO DEFINITIONS OF "DEFENSE ARTICLE" AND "DEFENSE SERVICE" UNDER THE ARMS EXPORT CONTROL ACT.**

Section 47 of the Arms Export Control Act (22 U.S.C. 2794) is amended—

(1) in the matter preceding subparagraph (A) of paragraph (3), by striking "includes" and inserting "means, with respect to a sale or transfer by the United States under the authority of this Act or any other foreign assistance or sales program of the United States"; and

(2) in paragraph (4), by striking "includes" and inserting "means, with respect to a sale or transfer by the United States under the authority of this Act or any other foreign assistance or sales program of the United States;"

**SEC. 208. TECHNICAL AMENDMENTS.**

(a) IN GENERAL.—The Arms Export Control Act (22 U.S.C. 2751 et seq.) is amended—

(1) in sections 3(a), 3(d)(1), 3(d)(3)(A), 3(e), 5(c), 6, 21(g), 36(a), 36(b)(1), 36(b)(5)(C), 36(c)(1), 36(f), 38(f)(1), 40(f)(1), 40(g)(2)(B), 101(b), and 102(a)(2), by striking "the Speaker of the House of Representatives, and" each place it appears and inserting "the Speaker of the House of Representatives, the Committee on Foreign Affairs of the House of Representatives, and";

(2) in section 21(i)(1) by inserting after "the Speaker of the House of Representatives" the following "the Committees on Foreign Affairs and Armed Services of the House of Representatives";

(3) in sections 25(e), 38(f)(2), 38(j)(3), and 38(j)(4)(B), by striking "International Relations" each place it appears and inserting "Foreign Affairs";

(4) in sections 27(f) and 62(a), by inserting after "the Speaker of the House of Representatives" each place it appears the following: "the Committee on Foreign Affairs of the House of Representatives"; and

(5) in section 73(e)(2), by striking "the Committee on National Security and the Committee on International Relations of the House of Representatives" and inserting "the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives";

(b) OTHER TECHNICAL AMENDMENTS.—

(1) ARMS EXPORT CONTROL ACT.—The Arms Export Control Act (22 U.S.C. 2751 et seq.), as amended by subsection (a), is further amended—

(A) in section 38—

(i) in subsection (b)(1), by redesignating the second subparagraph (B) (as added by section 1255(b) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (Public Law 100-204; 101 Stat. 1431)) as subparagraph (C);

(ii) in subsection (g)(1)(A)—

(I) in clause (xi), by striking "or" and inserting "or"; and

(II) in clause (xii)—

(aa) by striking "section" and inserting "sections"; and

(bb) by striking "(18 U.S.C. 175b)" and inserting "(18 U.S.C. 175c)"; and

(iii) in subsection (j)(2), in the matter preceding subparagraph (A), by inserting "in" after "to"; and

(B) in section 47(2), in the matter preceding subparagraph (A), by striking "sec. 21(a)," and inserting "section 21(a),".

(2) FOREIGN ASSISTANCE ACT OF 1961.—Section 502B of the Foreign Assistance Act of 1961 (22 U.S.C. 2304) is amended—

(A) in subsection (b), by striking "Wherever applicable, a description" and inserting "Wherever applicable, such report shall include a description"; and

(B) in subsection (d)(2)(B), by striking "credits" and inserting "credits";

**SEC. 209. APPLICATION OF CERTAIN PROVISIONS OF EXPORT ADMINISTRATION ACT OF 1979.**

(a) PROTECTION OF INFORMATION.—Section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)) has been in effect from August 20, 2001, and continues in effect on and after the date of the enactment of this Act, pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and notwithstanding section 20 of the Export Administration Act of 1979 (50 U.S.C. App. 2419). Section 12(c)(1) of the Export Administration Act of 1979 is a statute covered by section 552(b)(3) of title 5, United States Code.

(b) TERMINATION DATE.—Subsection (a) terminates at the end of the 4-year period beginning on the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. ROYCE) and the gentleman from California (Mr. VARGAS) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. ROYCE).

**GENERAL LEAVE**

Mr. ROYCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and to include extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROYCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, I will include in the RECORD a letter signed by myself and Mr. ENGEL to the Secretary of State.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
Washington, DC, December 10, 2014.

Hon. JOHN F. KERRY,  
Secretary of State, Department of State, Washington, DC.

DEAR MR. SECRETARY: Today the House of Representatives will pass and send to the President S. 1683, a bill that bolsters allies Taiwan and Mexico with the transfer of U.S. Navy frigates and makes other changes to the law to enhance our security assistance to foreign partners.

As you may know, section 201 of this legislation would amend section 36 of the Arms Export Control Act to require the President to notify Congress 30 days before shipments of certain defense articles if jointly requested to do so by the Chairman and Ranking Member of the House Committee on Foreign Affairs or the Senate Committee on

Foreign Relations. It is our understanding that the Department may be concerned that this new congressional notification requirement could pose an undue burden on the administration of United States arms transfers.

However, given the comprehensive exchange of information between the Department and the Committee during the congressional review process on U.S. arms sales, we would expect to invoke section 201 only in rare circumstances. For example, a similar authority in section 36(b)(1), providing for a request by the same committees of additional and highly detailed information from the President on a pending Foreign Military Sale, has been used only once in the last seven years.

Likewise, we expect that the current protocols governing the notification of arms sales, a process by which sensitive national security and foreign policy questions are addressed informally before a notification is formally submitted for congressional review, will remain the preeminent means by which the Committee conducts oversight over United States arms transfer policy.

We look forward to continuing to work with you on these important matters in the 114th Congress.

Sincerely,

EDWARD R. ROYCE,  
Chairman.  
ELIOT L. ENGEL,  
Ranking Member.

Mr. ROYCE. Mr. Speaker, I rise in strong support of this legislation, S. 1683. It would allow the United States to transfer certain decommissioned naval vessels to Taiwan and Mexico. It also makes some technical amendments to U.S. export control laws.

Let me say that I appreciate the broad bipartisan support that the contents of this measure already received because this April, the House passed the underlying bill, H.R. 3470, of which I am the author, the companion legislation to this bill. Mr. ELIOT ENGEL and I were the cosponsors.

I am pleased that this important legislation supporting the defense of our Taiwanese allies has now been passed by the other body. With passage by the House, it will make its way to the President's desk.

On April 10, 1979, the Taiwan Relations Act was established to govern America's relationship with the Republic of China-Taiwan. For 35 years, the act has helped maintain peace and security across the Taiwan Strait and across the Asia-Pacific region.

During this time, Taiwan has undergone a monumental transformation. It has gone from grinding poverty and political repression to the vibrant multiparty democracy that it is today. Taiwan's economy has evolved. It is now our 10th top trading partner.

As chairman, I led two bipartisan delegations to Taipei, Kaohsiung, and Tainan to examine Taiwan's economy and defense capabilities. Today's legislation is the product of the committee's bipartisan effort to prioritize the U.S.-Taiwan relationship.

This legislation authorizes the President to send four *Perry* class guided missile frigates to Taiwan. These are ships that are greatly needed to augment Taiwan's defense capability. I

have seen firsthand the World War II-era submarines—I was on one of them—and the 50-year-old fighter jets that form the core of Taiwan's military.

Congress has made it clear to the administration that it wants more defense sales and more transfers like this to Taiwan, including transfers to support the modernization of its combat aircraft and its submarine fleet. These four guided missile cruisers would bolster Taiwan's defense to ensure that peace in the Taiwan Strait continues to benefit not just Taiwan, but the entire region.

In addition to supporting Taiwan, this legislation also authorizes the transfer of excess decommissioned naval vessels to Mexico. Mr. VARGAS and I recently returned from Mexico City, and transfers such as these help to support the priorities of the U.S. Navy while strengthening the capability of allies and our close partners to meet our shared maritime security objectives.

Finally, the bill includes a provision requested by the Department of Commerce to ensure that our export control regime will continue to protect sensitive information related to export licensing. In particular, it clarifies that the business confidentiality protections of the lapsed Export Administration Act remain in effect under another provision of the law and will continue to protect information related to export licensing.

This provision will both protect U.S. national security and the competitiveness of American exporters while providing time for Congress and the executive branch to modernize the statutory basis for our export control regime.

While I am disappointed that this measure does not include a provision from the House bill that would have expedited U.S. arms sales to close allies, the committee will continue to promote improvements to the foreign military sales process in the next Congress.

Finally, the bill will also clarify that certain business confidentiality protections of the Export Administration Act will continue to protect the information related to export licensing.

Mr. Speaker, I reserve the balance of my time.

Mr. VARGAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of S. 1683, the Naval Vessel Transfer Act. This bill includes many of the provisions in H.R. 3470, which the House passed on April 7 and sent to the other body.

I would like to thank Chairman ROYCE for the bipartisan manner in which the original House bill was drafted, considered by the committee, and passed by the House. With today's action on S. 1683, we finish our work on this important legislation.

In the Taiwan Relations Act, the United States made a commitment to support Taiwan's defensive capability. To that end, this bill authorizes the

President to transfer up to four surplus U.S. naval vessels to Taiwan. In light of China's increasingly aggressive actions in the Pacific region, it is more important than ever to bolster Taiwan's security.

This bill also authorizes a transfer of two surplus naval vessels to Mexico, a critical defense partner of the United States. These vessels will strengthen Mexico's ability to function effectively with the U.S. Navy in joint operations.

Finally, the bill strengthens congressional review of the licensing and shipment of U.S. defense exports. These provisions are necessary in light of the significant regulatory changes now being implemented by the Departments of State, Commerce, and Defense.

The President's Export Control Reform initiative will modernize our system of regulating trade and defense and dual-use items, and appropriate congressional review must continue to be an integral part of the system.

Mr. Speaker, I urge my colleagues to join me in voting for S. 1683 so we can send this legislation to the President for signature into law.

I reserve the balance of my time.

Mr. ROYCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, earlier this year, the Foreign Affairs Committee held a hearing examining the promises that were made under the Taiwan Relations Act. That was signed 35 years ago, and there are few pieces of legislation related to foreign policy that have been as consequential as Congress stepping in with this act 35 years ago.

It is the steadfast support of the United States Congress that has helped Taiwan become what it is today: a thriving, modern society that strongly respects human rights, the rule of law, and free markets. Passage of this act is a step towards keeping the promises that we made to Taiwan 35 years ago in that Taiwan Relations Act, and I urge my colleagues to support this important legislation.

I reserve the balance of my time.

Mr. VARGAS. In closing, Mr. Speaker, as was said, this bill authorizes a transfer of naval vessels to Taiwan and Mexico, two good friends and partners of the United States. It also makes changes to regulating armed transfers and strengthens congressional oversight of the system.

I would once again like to thank Chairman ROYCE for working with us in a bipartisan manner on this important legislation. I would also like to say that as a freshman Member who may not be serving again on the committee that it was a real honor to serve under the chairman. He in fact acts very bipartisan.

He is a real leader in this country, and I am very proud that he is a Californian. It has been an honor, sir, to serve with you.

Mr. Speaker, I yield back the balance of my time.

Mr. ROYCE. Mr. Speaker, I would say likewise to Mr. VARGAS for his service on the committee.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. ROYCE) that the House suspend the rules and pass the bill, S. 1683.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### INSURANCE CAPITAL STANDARDS CLARIFICATION ACT OF 2014

Mr. NEUGEBAUER. Mr. Speaker, I ask unanimous consent that the Committee on Financial Services be discharged from further consideration of the bill (S. 2270) to clarify the application of certain leverage and risk-based requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The text of the bill is as follows:

S. 2270

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Insurance Capital Standards Clarification Act of 2014".

#### SEC. 2. CLARIFICATION OF APPLICATION OF LEVERAGE AND RISK-BASED CAPITAL REQUIREMENTS.

Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5371) is amended—

(1) in subsection (a), by adding at the end the following:

“(4) BUSINESS OF INSURANCE.—The term ‘business of insurance’ has the same meaning as in section 1002(3).

“(5) PERSON REGULATED BY A STATE INSURANCE REGULATOR.—The term ‘person regulated by a State insurance regulator’ has the same meaning as in section 1002(22).

“(6) REGULATED FOREIGN SUBSIDIARY AND REGULATED FOREIGN AFFILIATE.—The terms ‘regulated foreign subsidiary’ and ‘regulated foreign affiliate’ mean a person engaged in the business of insurance in a foreign country that is regulated by a foreign insurance regulatory authority that is a member of the International Association of Insurance Supervisors or other comparable foreign insurance regulatory authority as determined by the Board of Governors following consultation with the State insurance regulators, including the lead State insurance commissioner (or similar State official) of the insurance holding company system as determined by the procedures within the Financial Analysis Handbook adopted by the National Association of Insurance Commissioners, where the person, or its principal United States insurance affiliate, has its principal place of business or is domiciled, but only to the extent that—

“(A) such person acts in its capacity as a regulated insurance entity; and

“(B) the Board of Governors does not determine that the capital requirements in a specific foreign jurisdiction are inadequate.

“(7) CAPACITY AS A REGULATED INSURANCE ENTITY.—The term ‘capacity as a regulated insurance entity’—